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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re
META MATERIALS INC.,
Debtor.

Case No.: 24-50792-hlb
(Chapter 7)

**EX PARTE APPLICATION FOR ORDER
APPROVING STIPULATION ALLOWING
FOR ADVANCEMENT/PAYMENT
UNDER AN INSURANCE POLICY**

Hearing Date: N/A
Hearing Time:

Christina W. Lovato, chapter 7 trustee (“Trustee”), for the estate of Meta Materials, Inc. (“Estate” or “Debtor”), George Palikaras, and Kenneth Rice, through their respective counsel, respectfully submit this proposed stipulation (“Stipulation”) to allow for advancement/payment under an Insurance Policy (as defined herein).

RELEVANT TERMS

1. On August 9, 2024 (the “Petition Date”), the Debtor filed a voluntary chapter 7 petition. On August 15, 2024, the Trustee was appointed to administer the chapter 7 estate (ECF No. 14).

2. On June 24, 2024, George Palikaras, the former CEO of the Debtor, was named as a defendant in a civil lawsuit captioned *Securities and Exchange Commission v. John Brda and Georgios Palikaras*, No. 1:24-cv-04806 (S.D.N.Y.) (the “SEC Action”). The SEC Action is currently pending in the United States District Court for the Southern District of New York.

1 3. On March 15, 2024, Kenneth Rice, the former CFO of the Debtor, and George
2 Palikaras were named as defendants in a civil law suit captioned *Todd Targgart v. Next Bridge*
3 *Hydrocarbons, Inc., et al.*, No. 1:24-cv-01927 (E.D.N.Y.) (the “Class Action,” and together with
4 the SEC Action, the “Prepetition Actions”). The Class Action is currently pending in the United
5 States District Court for the Eastern District of New York.

6 4. On June 21, 2021, Meta Materials, Inc. (“Meta”), entered into Indemnification
7 Agreements with George Palikaras (“Palikaras”), former CEO of Meta, and Kenneth Rice
8 (“Rice”), former CFO of Meta. **Exhibits A and B.** Palikaras and Rice provided notice of the
9 Prepetition Actions to the Debtor and AIG under the Insurance Policy and the Indemnification
10 Agreements.

11 5. Prior to the commencement of the Prepetition Actions, Meta purchased an
12 insurance policy (“Insurance Policy”), for the benefit of Insured Persons, as defined in the
13 Insurance Policy.

14 6. The Insurance Policy is styled “Executive Edge, Broad Form Management Liability
15 Insurance Policy,” with a policy number of 01-415-83-09, issued by AIG. **Exhibit C.**

16 7. The Insurance Policy extends coverage to George Palikaras and Kenneth Rice as
17 former executives of the Debtor. *See* Insurance Policy p. 20.

18 8. The Indemnification Agreements state that the Debtor “shall indemnify
19 Indemnitee¹ . . . if Indemnitee is, or is threatened to be made, a party to or a participant in any
20 Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its
21 favor . . . to the fullest extent permitted by applicable law against all Expenses, judgments, fines
22 and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her
23 behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee
24 acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the
25 best interests of the Company.” Indemnification Agreements § 2. AIG has requested entry of an
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28 ¹ As defined in the Indemnification Agreements.

1 order authorizing it to advance defense costs to George Palikaras and Kenneth Rice to the extent
2 the automatic stay may apply to any disbursement of proceeds from the Insurance Policy.

3 9. To the extent the automatic stay imposed under 11 U.S.C. § 362(a) applies, the
4 parties enter into this Stipulation to lift the automatic stay to permit AIG to make payments to
5 George Palikaras and Kenneth Rice in accordance with the terms and conditions of the Insurance
6 Policy. *See, Groshong v. Sapp (In re MILA, Inc.)*, 423 B.R. 537 (B.A.P. 9th Cir. 2010) (Director
7 of the corporate debtor entitled to relief from the automatic stay allowing insurer to advance
8 payments for his legal defense costs under a directors and officers D&O policy held by the debtor).

9 10. The Approved Payments shall reduce the Limit of Liability² of the Insurance Policy
10 and shall not be considered a violation of the automatic stay, nor shall they be considered property
11 of the Estate.

12 11. Nothing in this Stipulation shall modify the terms and conditions of the Insurance
13 Policy or the Indemnification Agreements, and George Palikaras and Kenneth Rice are not
14 precluded from, at any time, by motion or further stipulation, seeking further access to other
15 insurance policies nor shall Trustee Lovato or the Debtor be precluded from opposing such request.
16 This Stipulation, and any disputes that may arise out of this Stipulation, shall be subject to the
17 jurisdiction of the Bankruptcy Court.

18 STIPULATION

19 Based on these facts, and subject to Bankruptcy Court approval, it is stipulated and agreed
20 to, by and between the parties, that George Palikaras and Kenneth Rice shall be permitted to
21 enforce their rights and receive proceeds payable under (i) the Executive Edge Broad Form
22 Management Liability Insurance Policy issued by AIG Specialty Insurance Company (“AIG”), (ii)
23 the Indemnification Agreement between the Debtor and George Palikaras, dated June 21, 2021,
24 and (iii) the Indemnification Agreement between the Debtor and Kenneth Rice, dated June 21,
25 2021 and together with the Palikaras Indemnification Agreement.

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² As defined in the Insurance Policy.

1 DATED: November 1, 2024.

2 HARTMAN & HARTMAN

3 /s/ Jeffrey L. Hartman

4 Jeffrey L. Hartman, Esq.,

5 *For Trustee Lovato*

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12 *For George Palikaras and Kenneth Rice*